Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRUSSE 02362 221740Z

72
ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 TRSY-11 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 SWF-02 AGR-20 CG-00

FAA-00 DOTE-00 TAR-02 PA-04 USIA-15 PRS-01 DRC-01

/209 W

---------- 013690

R 221653Z APR 74
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 546
INFO AMEMBASSY PARIS
AMEMBASSY THE HAGUE
USMISSION EC BRUSSELS
USMISSION OECD PARIS

LIMITED OFFICIAL USE BRUSSELS 2362

E.O. 11652: N/A
TAGS: ENRG, BE
SUBJECT: ENERGY: LOCAL PETROLEUM SUPPLY SITUATION

REF: BRUSSELS 1961

1. SUMMARY: LOCAL PETROLEUM SUPPLY SITUATION REMAINS TIGHT AND CONTINUES TO DETERIORATE WHILE GOB OCCUPIES ITSELF WITH INTERNAL POLITICS. BELGIAN PETROLEUM INDUSTRY IS DISSATISFIED WITH DE FACTO COMPROMISE WORKED OUT END OF LAST MONTH BUT GRUDGINGLY CONTINUES TO IMPORT LIMITED AMOUNTS OF CRUDE PETROLEUM. ONLY TEXACO IS OPERATING ITS REFINERAY AT NEAR FULL CAPACITY WHILE OTHERS REMAIN CLOSED OR PROCESSING A RELATIVELY LOW LEVEL OF CAPACITY. SUPPLIES TO CONSUMERS ARE INCREASINGLY BEING MADE ONLY UNDER LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRUSSE 02362 221740Z

REQUISITION ORDERS ISSUED BY MINECONAFFAIRS. ON APRIL 10,

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

GOB ISSUED ROYAL DECREE ESTABLISHING NEW PETROLEUM CONSULTATION AND CONTROL COMMISSION. NEW COMMISSION HAS VERY WIDE RANGING INVESTIGATIVE AUTHORITY BUT NO EXECUTIVE POWER. END SUMMARY.

2. AT END MARCH GOB PROMULGATED COMPROMISE AGREEMENT ON RETAIL PETROEUM PRICES (REFTEL) WHICH AUTHORIZED AN ADDITIONAL BF 1239 PER TON OF REFINED PETROLEUM PRODUCTS. BELGIAN PETROLEUM INDUSTRY DID NOT FORMALLY ACCEPT GOVERNMENT PRICE PROPOSAL (THEIR "FINAL" COMPROMISE OFFER OF BF 1335 PER TON FOR ONE MONTH PERIOD WAS REJECTED) BUT NEITHER INDUSTRY AS WHOLE OR COMPANIES AS INDIVIDUALS PUBLICLY REJECTED GOVERNMENT DECISION. INDUSTRY HAD INDICATED TO GOB THAT THEY WOULD ACCEPT A FIGURE LOWER THAN THEIR ORIGINAL CLAIMS (BF 2000, THEN BF 1700 PER TON) FOR ONE MONTH IF A SPECIAL INVIESTIGATION INTO PETROLEUM PRICES WAS CONDUCTED. HOWEVER, GOVERNMENT HAS NOT INSTITUTED SUCH A STUDY AND INDUSTRY REMAINS PROFOUNDLY UNHAPPY WITH SITUATION.

3. INDUSTRY HAD SAID THAT IT WOULD RENEW CRUDE PETROLEUM IMPORTS PENDING COMPLETION OF SPECIAL STUDY. ALTHOUGH STUDY NOT BEGUN VARIOUS COMPANIES HAVE REINSTATED VARYING LEVELS OF IMPORTS. TECACO, WHICH NEVER DID CUT IMPORTS, CURRENTLY IS RUNNING HIGHEST LEVELS OF IMPORTS AND PRODUCTION BUT THIS IS LARGELY DUE TO THEIR SPECIAL CONDITIONS (I.E. THEY IMPORT THROUGH ZEEBRUGGE AND EXPORT A SIGNIFICANTLY HIGHER PERCENTAGE OF THEIR PRODUCTION). MOST OTHER COMPANIES ARE IMPORTING LIMITED AMOUNTS OF CRUDE ON DAY TO DAY BASIS AND PRODUCING MINIMAL AMOUNTS OF FINISHED PRODUCT. MAJORITY OF REFINERY DELIVERIES NOW BEING MADE IN COMPLIANCE WITH MINFOR AFFAIRS REQUISITION ORDERS.

4. GOVERNMENT ISSUED ROYAL DECREE ON APRIL 10 CREATING NEW PETROLEUM CONSULTATION AND CONTROL COMMISSION TO REPLACE EXISTING PETROLEUM CONSULTATION COMMITTEE. NEW COMMISSION WILL BE COMPOSED OF REPRESENTATIVES FROM PETROLEUM INDUSTRY AND UNIONS, FEDERATION OF BELGIAN INDUSTRIES AND NATIONAL UNIONS, PLUS GOVERNMENT. MINECON LIMITED OFFICIAL USE

AFFAIRS WILL PROVIDE SECRETARY AND PERMANENT SECRETARIAT. (LATTER IS CONTROVERSIAL ISSUE AS INDUSTRY DISPLEASED ABOUT INFLUENCE THIS WILL GIVE TO SOCIALIST DIRECTOR GENERAL OF MINECONAFFAIRS ANDRE BAEYENS. THERE IS REPORTEDLY A PRIVATE AGREEMENT THAT WITHIN THREE MONTHS INDEPENDENT SECRETARIAT WILL BE CREATED.)

5. COMMISSION HAS ALMOST UNLIMITED INVESTIGATIVE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

AUTHORITY, TO POINT OF PLACING INSPECTORS ON PERMANENT DUTY WITHIN COMPANIES (SIMILAR SITUATION EXISTS IN BANKING SECTOR). HOWEVER, IT HAS NO EXECUTIVE AUTHORITY BUT MAY ONLY MAKE RECOMMENDATIONS TO GOVERNMENT. IT IS AUTHORITIED TO STUDY ALL ASPECTS OF PETROLEUM INDUSTRY, INCLUDING ROLE OF GOVERNMENT AND POSSIBLE NEED FOR GOVERNMENT INVESTMENT IN PETROLEUM INDUSTRY. COMPANIES ARE NOT HAPPY WITH NEW COMMISSION BUT THEIR OBJECTIONS APPEAR MORE INSTICTIVE THAN REASONED.

6. PRESENT SITUATION IN PETROLEUM INDUSTRY OBSCURED BY INTERAL POLITICAL DEVELOPMENTS AS VICE PRIME MINISTER TINDEMAN'S ATTEMPTS TO FORM A NEW COALITION GOVERNMENT. OPERATIONAL RESERVES OF OIL COMPANIES ARE PROBABLY COMPLETELY EXHAUSTED AND STRATEGIC (I.E. LEGALLY REQUIRED) RESERVES ARE BEING EATEN AWAY UNDER FLOOD OF GOVERNMENT REQUISITION ORDERS. PRESENT SITUATION WILL CONTINUE INTO MAY AND POSSIBLY EVEN LONGER IF NEW GOVERNMENT NOT FORMED SOON. COMPANIES ARE COMPLAINING BITTERLY THAT THEIR DAILY LOSSES ARE CONTINUING TO MOUNT UP AND SOME OF THE LOCAL MANAGERS ARE EXPECTING COMPLETE SHUTDOWN ORDERS FROM THEIR HEADQUARTERS.STRAUSZ-HUPE

LIMITED OFFICIAL USE

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, PETROLEUM, SUPPLIES, TRADE
Control Number: n/a
Copy: SINGLE
Draft Date: 22 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRUSSE02362
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740094-0101
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740426/aaaaawkm.tel
Line Count: 138
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: BRUSSELS 1961
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 01 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 APR 2002 by boyleja>; APPROVED <10 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY: LOCAL PETROLEUM SUPPLY SITUATION
TAGS: ENRG, BE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005